

Town of Prescott Valley
Arizona

Quarterly Sales Tax Report



To The Town Council

Presented on November 17, 2016

Covering the highlights of sales tax activities of the Town Government during

The Quarter Ended September 30, 2016

Prepared by the Town of Prescott Valley Management Services Department

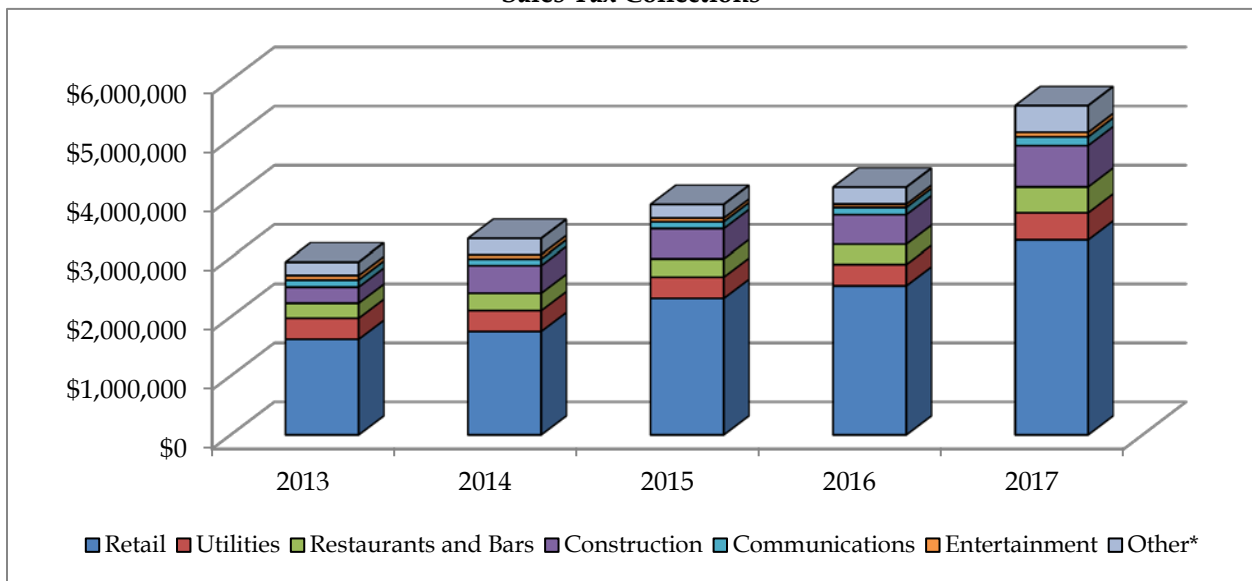
**Town of Prescott Valley
Transaction Privilege/Use Tax Revenues
September 30, 2016**

This report represents the transaction privilege/use tax revenues (sales tax) collected by the Town through the first quarter of fiscal year ending June 30, 2017. Total sales tax revenues are up by 32.99% compared to last fiscal year, 90.34% compared to four years ago and are 3.94% favorable to the 2017 budget. The rise in sales tax collections is partially due to the 0.50% increase in transaction privilege tax that went into effect January 1, 2016. If the tax is refactored to exclude the 0.50% increase, the revenue reflects a 9.49% increase over the previous year. Adjusted percentages, excluding the increase, are provided in each section narrative on page two and are noted in parenthesis. The sales tax increase, along with new businesses in the area and improvements to local economy are representative of positive trends in many areas including retail, construction, and restaurants and bars.

Sales Tax Collections

Category	2013	2014	2015	2016	2017
Retail					
Stores	\$ 770,431	\$ 855,076	\$ 1,220,912	\$ 1,379,691	\$ 1,914,035
Grocery	517,715	540,034	637,817	591,761	741,545
Automotive	290,549	316,093	406,439	484,816	581,268
Other	42,155	42,628	48,687	68,890	59,539
Total Retail	1,620,850	1,753,831	2,313,855	2,525,158	3,296,387
Utilities	355,921	352,994	357,706	359,798	457,454
Restaurants and Bars	256,103	293,502	310,082	340,931	438,272
Construction	271,665	465,616	507,387	496,946	700,003
Communications	118,730	112,651	115,960	123,230	147,609
Entertainment	76,908	74,610	61,463	55,262	77,568
Other*	225,144	268,187	228,500	285,522	450,766
Total	\$ 2,925,321	\$ 3,321,391	\$ 3,894,952	\$ 4,186,847	\$ 5,568,059

Sales Tax Collections



*Commercial Lease, Job Printing, Lodging, Mining, Personal Property Rental, Publication, Transportation and Use Tax

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Retail - Stores encompass a variety of businesses including big box stores (i.e., Home Depot, Wal-Mart, and Sam’s Club), department stores (i.e., Kohl’s), hardware (i.e., Ace Hardware), painting, furniture and service businesses that sell retail items. Retail stores tax collections are favorable to the prior year by 38.73% (14.22%) or \$534,344 and 148.44% or \$1,143,604 compared to four years ago. New businesses and an improved economy have led the retail store category trending upward.

Retail - Grocery includes large food chains, small mom and pop stores and convenience stores. An increase of 25.31% (3.17%) or \$149,784 was seen over last year and an increase of 43.23% or \$223,830 compared to four years ago. Corresponding to the increase in population, retail grocery revenue continues to rise.

Retail – Automotive includes auto dealerships, automotive repair shops, tire stores and retail stores that sell automotive parts and accessories. An increase of 19.89% (-1.29%) or \$96,452 was seen over last year and an increase of 100.06% or \$290,719 compared to four years ago.

Utilities category contains tax collected on the sale of electricity, natural gas, water and sewer service. Collections are up by 27.14% (4.68%) or \$97,656 compared to last year and are up by 28.53% or \$101,533 compared to four years ago. The increase is a result of higher utility usage and various rate increases.

Restaurants and Bars include fast food chains, restaurants and bars. This category is favorable to last fiscal year by 28.55% (5.84%) or \$97,341 and favorable to four years ago by 71.13% or \$182,169. This favorability is mainly due to improved economic conditions as well as the opening of new businesses.

Construction tax revenues include residential and commercial projects. Construction tax revenues are favorable to last year by 40.86% (15.97%) or \$203,057 and are favorable to four years ago by 157.67% or \$428,338. Overall construction revenue is increasing.

Communications include cell phone service providers, long distance providers, etc. This category is favorable to last year by 19.78% (-1.38%) or \$24,379 and favorable to four years ago by 24.32% or \$28,879.

Sales Tax Within Designated Boundaries

Designated Boundary	2013	2014	2015	2016	2017
Crossroads	\$ 393,400	\$ 436,391	\$ 575,363	\$ 624,239	\$ 884,676
Glassford Hill	**	**	426,143	465,390	626,696
Secondary Credit Support Area	279,738	288,342	315,238	356,094	491,188
Entertainment District/ Area	205,475	180,467	173,444	181,078	221,639
Other*	495,073	115,769	38,457	14,546	21,766
Total	\$ 1,373,686	\$ 1,020,969	\$ 1,528,645	\$ 1,641,347	\$ 2,245,965

*Multi-Purpose Event Center (MPEC) and Quailwood - reported in other as the number of businesses within the designated boundary did not meet minimum reporting requirements

During the first quarter of 2013, tax revenue from the businesses within designated boundaries represented 40.96% of overall tax revenues collected. In the first quarter of 2017 tax revenues collected in designated boundaries represents 40.34% of overall tax revenues collected. As these areas continue to become better established, the overall trend has flattened.

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Transaction Privilege Tax Within Designated Boundaries by Category

Category	2013	2014	2015	2016	2017
Construction	**	**	\$ 31,750	\$ 34,450	\$ 49,443
Retail	677,726	716,214	1,095,082	1,297,401	1,826,055
Restaurants and Bars	123,388	142,057	135,836	156,200	190,603
Other*	572,572	162,698	265,977	153,296	179,864
Total	\$ 1,373,686	\$ 1,020,969	\$ 1,528,645	\$ 1,641,347	\$ 2,245,965

*Commercial Lease, Communications, Entertainment, Job Printing, Lodging, Mining, Personal Property Rental, Publication, Transportation, Use Tax and Utilities

For the current fiscal year, retail within the designated boundaries represents 55.40% of total retail tax revenue. Construction within the designated boundaries represents 7.06% of the total tax revenue for construction. Restaurants and bars represent 43.49% of the total in that category.

The following graph illustrates sales tax collections for the current year as compared to the prior four fiscal years. Total sales tax collections are shown for each fiscal year. For FY17 the total sales tax collections are the amount budgeted for the fiscal year.

Sales Tax Collections by Quarter

